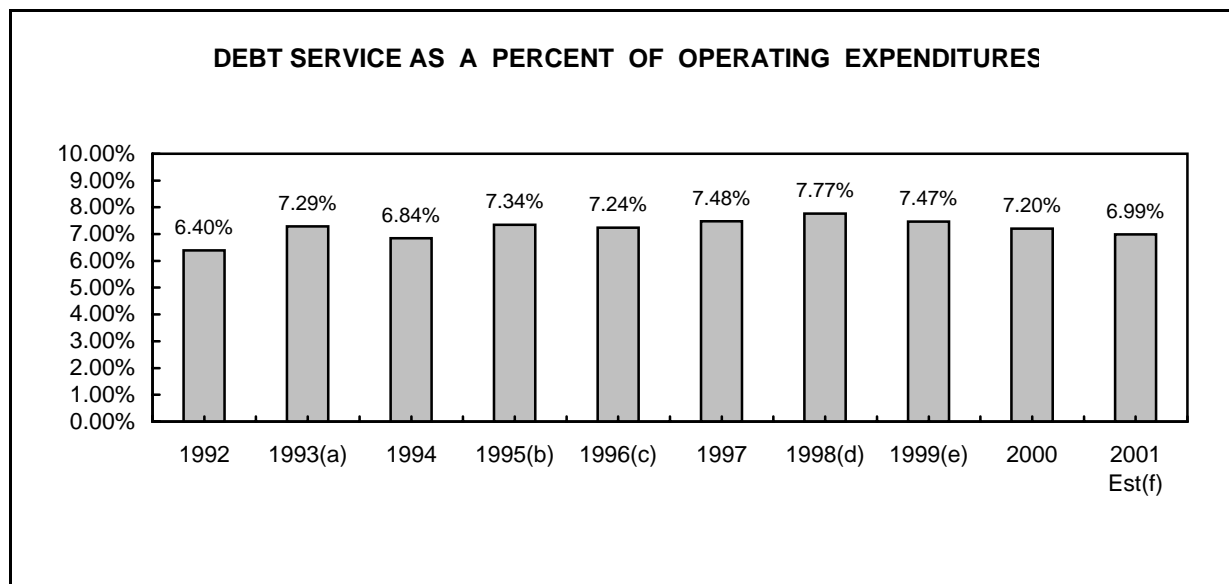


DEBT SERVICE AS A PERCENT OF OPERATING EXPENDITURES

Debt service includes principal and interest payments on general county debt obligations borrowed for capital project expenditures. Debt service payments are examined relative to general operating expenditures including special revenue funds. As a fixed cost, debt service can reduce expenditure flexibility. According to the International City Management Association (ICMA), if debt service as a percent of operating expenditure is below 10 percent, the credit industry views this situation favorably. If it exceeds 20 percent, a potential problem exists. County debt service has increased slowly in proportion to increases in general operating expenditures. Overall, the county is still below the 10 percent threshold. Increases reflect a continued emphasis on capital needs including major highway and facility projects. The debt burden is managed in relation to the funding requirements of the Five-Year Capital Plan. In addition the County has also used defeasement and refunding activity. In 1993, the County used \$3.6 million of fund balance to defease a portion of the 1989 issue resulting in a reduced debt service percentage share of County expenditures in 1995. In 1995, \$3.0 million of the 1990 series notes was defeased. In 1998, \$4.5 million was paid down on the 1992 issue and in 1999, \$2.35 million was paid down on the 1993B issue. In 2001, the county refinanced \$16.4 million of debt issued between 1994 and 1996 resulting in future interest savings.



Year	Debt Service	Operating Expenditures (a)	Percent
1992	\$5,798,285	\$90,641,434	6.40%
1993(a)	\$7,227,424	\$99,121,504	7.29%
1994	\$7,672,442	\$112,110,406	6.84%
1995(b)	\$8,722,010	\$118,800,631	7.34%
1996(c)	\$8,821,384	\$121,838,538	7.24%
1997	\$9,628,743	\$128,776,888	7.48%
1998(d)	\$10,100,776	\$130,079,790	7.77%
1999(e)	\$10,549,842	\$141,276,453	7.47%
2000	\$10,847,081	\$150,551,492	7.20%
2001 Est(f)	\$11,095,040	\$158,632,801	6.99%

- (a) Excludes debt service in 1993 to refinance 1989 issue. This allows for a comparable trend analysis by eliminating the one time impact of the refinancing and the doubling up effect in the year that existing debt is refinanced.
- (b) Excludes debt service to partially defease \$3 million of 1990 Service notes.
- (c) Excludes debt service to refinance debt issued in 1990 & 1991.
- (d) Excludes debt service to paydown \$4.5 million of the 1992 debt issue.
- (e) Excludes debt service to paydown \$2.35 million of the 1993B debt issue.
- (f) Excludes debt service to refinance outstanding debt issued between 1994 & 1996.